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13 January 1960

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DOMINICAN REPUBLIC

- I. Generalissimo Rafael Trujillo facing serious threat to his 30-year rule.
- A. Dissidence rising inside country and one clandestine group reportedly has penetrated the armed forces and civilian government.
 - B. Numerous exile groups--some of them Communist-infiltrated--actively plotting in Cuba, Venezuela, Puerto Rico, US.
 - C. Economic situation adds to Trujillo's woes.
 - 1. Abnormally large military expenditures of about \$50,-000,000 during 1959--about one-third of the regular budget--were heavy drain on economy already suffering from depressed world market prices for most Dominican exports.
 - 2. Business community severely affected by import restrictions while unemployment and cost of living increases bringing more hardships to lower classes.
- II. Trujillo trying to head off insurrection. He has:
- A. Reduced rents 30 to 50 percent for low-income city dwellers and farmers.
 - B. Reversed an earlier decision and issued Xmas bonuses to workers.

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C. Sent to Europe his unpopular son, Ramfis, who while serving as Chief of the Combined General Staff, make military relations with the US difficult.

III. Trujillo is having himself proposed as presidential candidate in 1962 "elections."

A. Some indication that he may decide to take over presidency from his brother Hector sooner.

- 2 -

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